

**Wally
Herger**
Congressman

2nd District - California



FOR IMMEDIATE RELEASE
DECEMBER 8, 2005

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Herger Praises House Passage of Tax Relief Measure

Bill Includes Herger-backed provisions

(Washington, D.C.) - Congressman Wally Herger today voted in favor of H.R. 4297, the Tax Relief Extension Reconciliation Act of 2005, which the House passed by a vote of 234 to 197. Among other provisions, the tax relief measure includes a provision Herger sponsored to extend for two years the current limits on the amount of new investments a small business can "write-off" or expense. Herger also worked to include provisions important to California, including one that would allow California veterans who served after 1977 to be eligible for State-issued qualified veterans' mortgage loans, and one to extend the Research and Development tax credit.

"Every American has benefited from tax relief of the past several years, and we know that it has been critical to our strong economic recovery following the early 2001 recession and the terrorists attacks on September 11, 2001," Herger stated. "I will continue to strongly support tax relief for American families and small businesses, including many farmers who are so important in Northern California, to ensure that our economy continues to grow and create new jobs.

"I applaud House passage of this small business tax relief package," continued Herger. "Small businesses are the backbone of our economy, representing more than half of all jobs and economic output. Expensing helps encourage new small business investment and innovation, spurs economic growth, and helps create new jobs."

Herger added, "I also actively worked to increase access to lower interest mortgages for California veterans, helping certain low-income veterans who served since 1977 take part in the American Dream. It is critical that our nation does what it can to help returning veterans purchase homes and take root in communities they helped defend. Today's action represents a major victory for California veterans.

"The measure also extends the federal research and development tax credit, which helps foster innovation and breakthroughs in high technology, medicine, and crop sciences. California ranks number one in reported R&D activity, with more than 6,600 firms. This provision will help ensure this activity remains vibrant in California and across our nation."

Herger concluded, "This measure will help steer the economy on the path of continued growth."

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The House and Senate will now work to resolve differences between their tax relief measures.

Below is Congressman Herger's statement on the House floor in support of the Tax Relief Extension Reconciliation Act.

"Mr. Speaker, today's legislation contains a number of important tax relief provisions, including an expanded Research and Development credit to keep American innovation competitive, and one - supported by my friend from Wisconsin, Paul Ryan - which would adjust the qualified veterans mortgage bond program and expand access to affordable home loans for California veterans who served after 1977.

In addition, the bill before us includes a measure that I have long supported to facilitate greater small business growth. Small businesses are the backbone of our economy, representing over half of all jobs and economic output. The Section 179 extension in this bill will enable small businesses to write-off new capital investments up to \$100,000 per year, spurring further economic growth and helping to generate new jobs.

In 2003 alone, 4.6 million small businesses used \$44.1 billion of Section 179 expensing. According to a National Federation of Independent Business November report, 61 percent of small-business owners reported capital outlays over the past six months, including new equipment and vehicle purchases, furniture purchases, existing facilities expansion and improvement and new facility construction.

Small business expensing works, and helps drive job creation in areas like my own northern California congressional district. Unfortunately, the current expensing limits are set to return to significantly lower levels if we do not extend this provision.

Mr. Speaker, I would like to thank Chairman Thomas and the Members of the Committee for their support of small businesses, and I urge my colleagues to vote for the legislation before us today."

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